

## SUMMARY OF COMMENTS

### ACCOUNTING RULES

WAC 480-120-031, 032, 033, 036, 058, 136, X01, X02, X09

March 1, 2000

UT-990146

#### Chapter 480-120 - Telephone Companies

WAC/Issue	Interested Person	Comment	Staff Response
<b>WAC 480-120-031 Non-competitive companies - Accounting.</b>			
General comment.	ATT/MCI	While title refers to "Non-competitive companies," the language simply refers to "companies." Careful editing can eliminate confusion.	Staff agrees. Changes will be made for consistency.
	Public Counsel	Public Counsel supports the retention by the Commission of the "Part 32" accounting requirements currently found at <u>Title 47, Code of Federal Regulation, Part 32</u> , in the event that action at the federal level results in the partial or entire rescission of Part 32.	Noted.
	Sprint	The criteria for determining whether a company is a Class A or a Class B company should rely on the access lines for the prior year so that companies that move from one class to another are not required to restate their books retroactively.	Staff agrees. Staff will propose new language to further define "prior year."
	WITA	Submitted suggested draft language with no comment or justification in support of changes.	Without explanation from WITA, staff cannot respond. Staff will respond to proposed draft language when comment/ justification received.

WAC/Issue	Interested Person	Comment	Staff Response
<b>WAC 480-120-031 Non-competitive companies - Accounting.</b>			
<p>Section (1) (1) Telecommunications companies are classified by the Commission as follows:  <b>Number of Access Lines as of December 31</b></p> <p>(2) For accounting purposes companies must use the <i>Uniform System of Accounts (USOA) for Class A and Class B Telephone Companies</i> published by the Federal Communications Commission (FCC) and designated as Title 47, Code of Federal Regulations, Part 32, (47 CFR 32, or Part 32) effective October 1, 1998. Class B companies may use Class A accounting. Companies wishing to adopt changes to the USOA made by the FCC after October 1, 1998, must petition for and receive commission approval.</p>	U S WEST	<p>Add “of preceding year” with regard to number of access lines for Class A/B companies as of December 31. This would make clear what is required of companies.</p> <p>Add language to allow utilities to implement without UTC approval FCC updates to Part 32 accounting rules to the extent the effect on annual revenue requirements is less than 1% or \$1 million.</p>	<p>Staff agrees. Staff will propose new language to further define “of preceding year.”</p> <p>Staff disagrees. Please refer to State of Washington Bill Drafting guide, Page 32, Section (11)(F) “Incorporation by reference.”</p>



WAC/Issue	Interested Person	Comment	Staff Response
<b>WAC 480-120-032 Political information and political education activities.</b>			
General comment.	<p>GTE</p> <p>Public Counsel</p> <p>U S WEST</p> <p>WITA</p>	<p>Industry proposes striking WAC 480-80-032 entirely. Such reporting requirements are governed by the Public Disclosure Commission as set forth in RCW Ch. 42.17.</p> <p>Public Counsel supports retention of the current examples of “political information and political education activities” in the existing rule. Public Counsel would also urge that the separate accounting requirement be retained.</p> <p>Company comments to strike out in entirety. Reporting requirements are governed by the Public Disclosure Commission as set forth in RCW 42.17. This is duplicative.</p> <p>Company comments to strike out in entirety.</p>	Staff disagrees. Further discussion at the March 9, 2000 Stakeholder Workshop.





WAC/Issue	Interested Person	Comment	Staff Response
<b>WAC 480-120-036 Finance--Securities, affiliated interests, transfers of property.</b>			
General comment.	GTE	GTE sees no need for rule, other statutes and rules deal with this issue, requirements in WAC 480-143 and -146, RCW 80.08.	Staff agrees.
	U S WEST	Delete this rule as it is repeated in 480-143 and 480-146.	Staff agrees.
	WITA	Company comments to strike out in entirety.	Staff agrees.

WAC/Issue	Interested Person	Comment	Staff Response
<b>WAC 480-120-058 Protection of customer prepayments.</b>			
<p>General comment.</p> <p>Section (1)(c) The company has made provision for deposit of customer prepayments in a federally insured interest-bearing trust account maintained by applicant for service solely for customer advances. The prepayments must be deposited in a bank, savings and loan association, mutual savings bank, or licensed escrow agent, with access to such funds only for the purpose of refunding prepayments to customers. The funds must be maintained in an account within the state of Washington. In any order granting certification, the commission may require either bond or trust account or escrow as a condition of certification.</p>	<p>U S WEST</p> <p>WITA</p> <p>GTE</p>	<p>Clarify language that companies collecting a prepayment for deposit at a pay phone are exempt from requirements of this rule. Rule was not intended to apply to prepayment in the sense of depositing a coin into a phone for use.</p> <p>Submitted suggested draft language with no comment or justification in support of changes.</p> <p>GTE proposes a minor change to (1)(c) as this is no longer necessary in today's environment of electronic banking.</p>	<p>Staff does not agree - this rule does not include pay phones. They are regulated under the provision of 480-120-138.</p> <p>Without explanation from WITA, staff cannot respond. Staff will respond to proposed draft language when comment/ justification received.</p>



WAC/Issue	Interested Person	Comment	Staff Response
<b>WAC 480-120-136 Retention and preservation of records.</b>			
General comment.	<p>GTE</p> <p>Sprint</p> <p>U S WEST</p> <p>WITA</p>	<p>GTE proposes reducing the time period for records retention from three years to two years. Record retention is very expensive for companies and should be set at the minimum requirement. Two years is appropriate as the liability by the company for any refund of overcharges is two years per RCW 80.04.240.</p> <p>Failing the adoption of Sprint's proposed language for 024, believe that competitive providers should be exempt from this section.</p> <p>Change the time from three years to one year. If records are not of particular significance, one year should be sufficient as a standard retention period.</p> <p>Submitted suggested draft language with no comment or justification in support of changes.</p>	<p>Staff disagrees. Staff believes three years is the minimum records retained..</p> <p>Staff disagrees.</p> <p>Staff disagrees.</p> <p>Without explanation from WITA, staff cannot respond. Staff will respond to proposed draft language when comment/ justification received.</p>

WAC/Issue	Interested Person	Comment	Staff Response
<b>WAC 480-120-X01 Accounting requirements for competitive telecommunications companies.</b>			
General comment.	GTE	Reporting and accounting requirements for competitive telecommunications companies in WAC 480-120-033 has been split into two rules WAC 480-120-X01 and revised WAC 480-120-033. The Staff's proposed changes to WAC 480-120-033 and 480-120-X01 fixes a wheel that "is not broken," for no apparent reason. The Staff's proposed changes create new administrative burdens for competitive carriers, many of which do not keep the types of detailed separate jurisdictional expense accounts called for by the proposed revision to WAC 480-120-033.	Staff disagrees, the new proposed language does not require jurisdictional expense accounts for competitive companies.
	Sprint	Sprint's local division accounts for intrastate revenues, the competitive and long distance divisions use GAAP as required and do not generate jurisdictionally separated information. No such data is required by any other state in which Sprint operates. It would be extraordinarily burdensome and expensive to modify our systems to produce such information.	Staff disagrees, the proposed language does not require additional reporting requirements. Jurisdictional revenues are currently required to facilitate payment of regulatory fees.
	U S WEST	Eliminate this proposed new rule, incorporate changes from this rule in 480-120-031.	Staff disagrees.
	WITA	Company comments to strike out in entirety.	Staff disagrees.

WAC/Issue	Interested Person	Comment	Staff Response
<b>WAC 480-120-X02 Reporting requirements for competitive telecommunications companies.</b>			
General comment.	U S WEST	Eliminate this proposed new rule, incorporate changes from this rule in 480-120-033.	Staff disagrees.
	WITA	Company comments to strike out in entirety.	Staff disagrees.
<b>WAC 480-120-X09 Commission ordered refunds.</b>			
General comment.	NEXTLINK	The Commission has adopted imputation as a means of establishing an appropriate price floor in orders resolving litigation cases, including U S WEST rate case in UT-950200. This requirement is not included in any rules. Comments propose a rule on imputation to codify the existing price floor requirement - (WAC 480-120-X19 Imputation in their comments.)	Staff disagrees. Further discussion at the March 9, 2000 Stakeholder Workshop.
	U S WEST	Strike language as its ability in this area is already set forth through statutory powers. An unnecessary rule which creates more rule sections but does not add to the substance of those already in existence.	Staff agrees. Further discussion at the March 9, 2000 Stakeholder Workshop.
	WITA	Delete in its entirety.	